

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA
RENO DIVISION

IN RE:)	CASE NO: 09-52477-GWZ
)	CHAPTER 11
)	
STATION CASINOS, INC.,)	Reno, Nevada
)	
Debtor.)	Friday, August 6, 2010
)	(10:03 a.m. to 10:36 a.m.)
)	(10:46 a.m. to 11:57 a.m.)

MOTIONS HEARING

BEFORE THE HONORABLE GREGG W. ZIVE,
CHIEF UNITED STATES BANKRUPTCY JUDGE

CALENDARED MOTIONS: See pages 2, 3

APPEARANCES: See pages 4, 5, 6, 7

Court Reporter: Recorded; FTR

Transcribed by: Exceptional Reporting Services, Inc
14493 South Padre Island Drive, #A-400
Corpus Christi, TX 78418-5940
361 949-2988

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

CALENDARED MOTIONS:

#1 AUCTION: SUBSTANTIALLY ALL OF THE ASSETS OF STATIONS CASINOS, INC AND CERTAIN 'OPCO' SUBSIDIARIES, DE #1823;

#4 SECOND INTERIM FEE APPLICATION OF QUINN EMANUEL URQUHART & SULLIVAN, LLP FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR REIMBURSEMENT OF EXPENSES AS CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD FROM DECEMBER 1, 2009 THROUGH MARCH 31, 2010 FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FEES: \$899,700.50, EXPENSES: \$38,945.79, DE #1470;

#5 SECOND INTERIM APPLICATION FOR PAYMENT OF FEES AND EXPENSES FOR MOELIS & COMPANY, LLC, FINANCIAL ADVISOR AND INVESTMENT BANKER TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FEES: \$800,000.00, EXPENSES: \$17,494.11, DE #1470;

#6 SECOND INTERIM FEE APPLICATION OF FRIED, FRANK, HARRIS, SHRIVER & JACOBSON, LLP AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD FROM DECEMBER 1, 2009 THROUGH MARCH 31, 2010 FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FEES: \$1,533,227.25, EXPENSES: \$128,582.33, DE #1470;

#7 FIRST INTERIM APPLICATION OF MAUPIN, COX & LEGOY FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS NEVADA CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD FROM DECEMBER 1, 2009 THROUGH MARCH 31, 2010; FEES: \$24,114.75, EXPENSES: \$389.62, DE #1493;

#8 SECOND INTERIM APPLICATION FOR LAZARD FRERES & CO. LLC, INVESTMENT BANKER & FINANCIAL ADVISOR TO THE DEBTOR, FOR COMPENSATION FOR THE PERIOD DECEMBER 1, 2009 THROUGH MARCH 31, 2010; FEES: \$1,200,000.00, EXPENSES: \$41,212.48, DE #1767;

#9 SECOND INTERIM APPLICATION BY FTI CONSULTING, INC, FINANCIAL ADVISORS TO THE CMBS DEBTORS - FOR COMPENSATION 12/1/09 THROUGH 3/31/10; FEES: \$130,342.90, EXPENSES: \$218.90, DE # 1767;

#10 SECOND INTERIM APPLICATION FOR FTI CONSULTING, INC., FINANCIAL ADVISORS TO STATIONS CASINOS, INC, ET AL, FOR COMPENSATION 12/1/09 THROUGH 3/31/10; FEES \$820,485.00, EXPENSES: \$50,576.33, DE #1767;

CALENDARED MOTIONS: (CONTINUED)

#11 SECOND INTERIM APPLICATION OF MILBANK, TWEED, HADLEY & MCCLOY, LLP, REORGANIZATION COUNSEL FOR DEBTORS, FOR COMPENSATION 12/1/09 THROUGH 3/3/10, FEES: \$4,879,407.75, EXPENSES: \$177,342.23, DE #1767;

#12 SECOND INTERIM APPLICATION OF GIBSON, DUNN & CRUTCHER, LLP, AS SPECIAL COUNSEL FOR FCP MEZZCO BORROWER I-V, LLC & FCP PROPCO LLC, FOR COMPENSATION 12/1/09 THROUGH 3/31/10; FEES: \$481,040.50, EXPENSES: \$13,882.73, DE #1571;

#13 SECOND INTERIM APPLICATION FOR LEWIS & ROCA LLP, LOCAL REORGANIZATION COUNSEL FOR THE DEBTORS, FOR COMPENSATION 12/1/09 THROUGH 3/31/10; FEES: \$248,617.50, EXPENSES: \$13,169.62, DE #1767;

#14 FIRST INTERIM APPLICATION OF CAMPBELL AND WILLIAMS, SPECIAL LITIGATION COUNSEL TO DEBTORS, FOR COMPENSATION 1/28/10 THROUGH 3/31/10; FEES: \$312,990.50, EXPENSES: \$3,496.90, DE #1561;

#15 FIRST INTERIM APPLICATION OF SHEA & CARLYON LTD., LOCAL COUNSEL FOR DEBTOR, GV RANCH STATION, INC., FOR COMPENSATION 3/9/10 THROUGH 6/30/10; FEES: \$28,133.25, EXPENSES: \$688.83, DE #1773

COURTROOM APPEARANCES FOR:

CMBS Lenders, et al.: JENNIFER A. SMITH, ESQ.
Lionel Sawyer & Collins
50 W. Liberty Street, Suite 1100
Reno, NV 89501

Deutsche Bank Trust KAARAN E. THOMAS, ESQ.
Company Americas: McDonald Carano Wilson
100 W. Liberty Street, 10th Floor
Reno, NV 89505

Lorenzo Fertitta, KARL OLSON, ESQ.
et al.: - And -

THOMAS B. WALPER, ESQ.
Munger Tolles & Olson
355 S. Grand Avenue, 35th Floor
Los Angeles, CA 90071

Official Committee of BRETT AXELROD, ESQ.
Unsecured Creditors: Fox Rothschild, LLP
800 Howard Hughes Pkwy,
Suite 500
Las Vegas, NV 89169

BONNIE STEINGART, ESQ.
Fried Frank Harris, et al.
One New York Plaza
New York, NY 10004

Station Casinos, Inc., THOMAS KRELLER, ESQ.
etc.: PAUL ARONZON, ESQ.
Milbank Tweed, et al.
601 South Figueroa St.
30th Floor
Los Angeles, CA 90017

U.S. Trustee: BILL COSSITT, ESQ.
Office of the U.S. Trustee
300 Booth Street
Room 3009
Reno, NV 89509

COURTROOM APPEARANCES FOR: (CONTINUED)

James E. Nave: JANET L. CHUBB, ESQ.
 Jones Vargas
 100 W. Liberty St., 12th Floor
 P.O. Box 281
 Reno, NV 89504

GLENN WALTER, ESQ.
 Skadden Arps, et al.

Creditors Committee: CHRISTOPHER D. JAIME, ESQ.
 Walther Key Maupin, et al.
 P.O. Box 30000
 Reno, NV 89520

Station Casinos, Inc., DAWN CICA, ESQ.
 et al.: LAURY MACCAULEY, ESQ.
 Lewis & Roca, LLP
 50 West Liberty St.
 Suite 410
 Reno, NV 89501

Propco: OSCAR GARZA, ESQ.
 Gibson Dunn & Crutcher

SCHEDULED TELEPHONIC APPEARANCES:

Morgan Stanley: ERIC ALLENDORF, (Listen only)
 Morgan Stanley

Deutsche Bank: JOHN BEACHAM, (Listen only)
 ROBERT PETTINATO, (Listen only)
 Deutsche Bank

Wall Street Journal: ALEXANDRA BERZON, (Listen only)
 The Wall Street Journal

Station Casinos: WALT BROWN, ESQ.
 RICH HASKINS, ESQ.
 THOMAS KRELLER, ESQ.
 BRIA LASALLE-MERTENS, ESQ.
 JOLEEN LEGAKES, ESQ.
 LORI NELSON, ESQ.
 FRED NEUFELD, ESQ.
 ROBERT C. SHENFELD, ESQ.
 Milbank Tweed, et al.

SCHEDULED TELEPHONIC APPEARANCES: (CONTINUED)

GV Ranch Station:	CANDACE CARLYON, ESQ. Shea & Carlyon
Bloomberg:	STEVEN H. CHURCH, (Listen only) Bloomberg, LLP
Deutsche Bank Trust Company America:	DEUTSCHE BANK TRUST COMPANY AMERICAS (Listen only)
	BLACKSTONE ADVISORY SERVICES (Listen only)
CMBS Lenders:	PETER DODSON, (Listen only) DOUGLAS MINTZ, (Listen only) Cadwalader Wickersham & Taft
	KEVIN J. HOCHBERG, ESQ. GABRIEL MACCONAILL, (Listen only) ARIELLA SIMONDS, (Listen only) Sidley Austin
Las Vegas Review Journal:	JOHN G. EDWARDS, (Listen only) Las Vegas Review Journal
Deutsche Bank Trust Company Americas:	JASON FRIEDMAN, (Listen only) Simpson Thacher & Bartlett
Independent Lenders:	ERIC D. GOLDBERG, ESQ. SANDY QUSBA, ESQ. Stutman Treister & Glatt
Station Casinos:	RON F. GREENSPAN, ESQ. MARY ANN KAPTAIN, ESQ. F.T.I. Consulting
Colony Capital NFC Investor:	JONATHAN GRUNZWEIG, (Listen only) Jonathan Grunzweig, Interested Party
Wells Fargo Bank, N.A.:	JEFFREY D. HERMANN, (Listen only) Orrick Herrington & Sutcliffe
Castlerigg Master Investors:	DAVID JACOBSON, (Listen only) Heller Gaming
Brian Ma:	BRIAN MA, ESQ. Lazard Freres & Company

SCHEDULED TELEPHONIC APPEARANCES FOR: (CONTINUED)

Bank of Scotland: GEORGE PAGANO, (Listen only)
Katten Muchin, et al.

JOANNE SI, ESQ.
The Bank of Scotland

Bank of America: BYUNG S. PARK, (Listen only)
Bank of America

Colony Capital: ANDREW PARLEN, (Listen only)
SUZZANE S. UHLAND, ESQ.
O'Melveny & Myers

RBS Securities: DALE STOHR, (Listen only)
RBS Securities

MSRE Station SPV A,
LLC, et al.: HARVEY STRICKON, (Listen only)
Paul Hastings, et al.

Lloyds Bank of
Scotland: JAMES TRUITT, (Listen only)
Katten Muchin Rosenman

Fried Frank: MINYAO WANG, (Listen only)
Fried Frank

Deutsche Bank: SCOTT WAYNEBERN, (Listen only)
JEFFREY WELCH, (Listen only)
Deutsche Bank

Colby Williams: COLBY WILLIAMS, ESQ.
Campbell & Williams

Bank of Scotland: ALEX WILSON, (Listen only)
Lloyds Banking Group

Unsecured Creditors
Committee: JEANINE ZALDUENDO, ESQ.
Quinn Emanuel, et al.

Morgan Stanley: KEVORK ZORYAN, (Listen only)
Morgan Stanley

1 Reno, Nevada; Friday, August 6, 2010; 10:03 a.m.

2 (Courtroom and telephonic appearances)

3 (Call to Order)

4 **THE COURT:** Please be seated.

5 This is the matter of *Stations Casino*. May I have
6 appearances in the courtroom, please?

7 **MR. ARONZON:** Good morning, your Honor. Paul Aronzon
8 and Tom Kreller for the Debtors. We're with Milbank.

9 **MR. AXELROD:** Good morning, your Honor. Brett
10 Axelrod and Bonnie Steingart for the Official Unsecured
11 Creditors Committee.

12 **MS. THOMAS:** Good morning, your Honor. Kaaran Thomas
13 for Deutsche Bank Trust Company Americas as administrative
14 agent; and I believe Sandy Qusba is on the phone.

15 **MR. QUSBA:** Good morning, your Honor.

16 **MR. COSSITT:** Bill Cossitt, Office of the United
17 States Trustee.

18 **MS. CHUBB:** Good morning, your Honor. Janet Chubb,
19 and may I introduce Glenn Walter.

20 **MR. WALTER:** Good morning, your Honor.

21 **MS. CHUBB:** We've filed his -- from Skadden Arps.
22 We've filed his pro hac papers, they have not been processed
23 yet, but we will get a check over here today.

24 **MR. WALTER:** Thank you, your Honor.

25 **MS. SMITH:** Good morning, your Honor. On behalf of

1 the CMBS Lenders, Larry Nyhan of Sidley Austin; Jennifer Smith,
2 Lionel Sawyer & Collins.

3 **MR. JAIME:** Good morning, your Honor. Chris Jaime,
4 Nevada conflicts counsel for the Unsecured Creditors Committee.

5 **MS. MACAULEY:** Good morning, your Honor. Laury
6 Macauley and Dawn Cica of Lewis & Roca, local counsel for the
7 Debtors.

8 **MR. OLSON:** Good morning, your Honor. Karl Olson and
9 Tom Walper for Frank and Lorenzo Fertitta, Fertitta Gaming.

10 **THE COURT:** Are there any appearances by anyone that
11 is participating telephonically that intend to do more than
12 monitor the proceedings?

13 **MR. GOLDBERG:** Yes, your Honor. This is Eric
14 Goldberg of Stutman, Treister & Glatt for the Independent
15 Lenders.

16 **THE COURT:** Thank you. Anybody else?

17 **MS. CARLYON:** Good morning, your Honor. Candace
18 Carlyon of Shea & Carlyon, counsel for GV Ranch Station Inc.
19 We received word that you would be considering the fee
20 application at today's hearing.

21 **THE COURT:** Yeah. I'll deal --

22 **MS. CARLYON:** Thank you, your Honor.

23 **THE COURT:** I should point out I'll deal with the
24 applications after concluding the hearing regarding the
25 auction, so I'm going to ask counsel to withhold appearances in

1 that regard. So I just need appearances from those who intend
2 to participate in the hearing regarding the auction, please.

3 **MR. QUSBA:** Your Honor, Sandy Qusba, Simpson
4 Thacher & Bartlett, counsel for Deutsche Bank Trust Company
5 Americas as the Opco admin agent.

6 **THE COURT:** Thank you. Anyone --

7 **MR. ARONZON:** Your Honor, there is one more person in
8 the courtroom I would like introduce for the record.

9 **THE COURT:** Please.

10 **MR. ARONZON:** Mr. Frank Fertitta III is here,
11 your Honor, today. As you know, he's the head of Station
12 Casinos, Inc. He's also the head of Fertitta Gaming.

13 **THE COURT:** All right, thank you very much.

14 All right. Today and Monday were set for an auction
15 of the -- what have been called the Opco properties.

16 (**Court confers with clerk**)

17 I have reviewed the pleadings in preparation for this
18 hearing and the first I read was the Order establishing the
19 bidding procedures and deadlines. That was Docket Number 1653
20 entered on June 4th. That followed two days of hearings
21 conducted May 27th and May 28th.

22 I read the Findings of Fact and Conclusions in
23 support of the Orders approving the Revised Second Amended and
24 Restated Master Lease Compromise Agreement establishing bidding
25 procedures regarding the sale of substantially all of the

1 assets of Station Casinos. That was Docket Number 1777 entered
2 on July 14th.

3 I have reviewed, just so I had an idea what was
4 occurring, some of the pleadings filed in the United States
5 District Court action because they related to a settlement that
6 was brought to my attention that led to the new Disclosure
7 Statement and Plan. And so I've looked at Docket Number 10 in
8 that action.

9 I have taken a quick look at Docket Number 1526,
10 which is the submission of the Asset Purchase Agreement, and I
11 have reviewed portions of the transcripts of the June 21st
12 hearing, Docket Number 1715, the May 27th hearing, Docket
13 Number 1574, and the -- those are transcripts, I should say,
14 and the transcript of the hearing of May 28th, Docket
15 Number 1552.

16 Now, following those hearings and the entries of
17 those Orders there have been, so far as I can -- oh, I also
18 reviewed an Order entered on July 26th regarding the stay
19 pending appeal and the Findings of Fact and Conclusions of Law
20 that were entered in that regard, Docket Number 1852, just so
21 that I was relatively up to speed.

22 All that's been filed that I can determine from our
23 review of the docket were two pleadings filed on the 4th of
24 August, Wednesday, the status report of Dr. James E. Nave, the
25 independent director, regarding compliance with auction

1 procedures and resulting bids, I have reviewed it, and I've
2 read the Declaration of Daniel Aronson (phonetic) of Lazard
3 Freres regarding the same matter.

4 Has anybody else filed any pleadings regarding this
5 auction other than the two that I have just referred to?

6 **(No audible response)**

7 No? So it appears that I have reviewed everything.

8 Now, when I went through the Order establishing the
9 bidding procedures and the bidding procedures themselves which
10 were attached to the Order there were several things that came
11 to my attention that I had previously ordered.

12 Let me take a quick look. I thought I had marked
13 the....

14 "P" provides that if the Opcos Debtors did not receive
15 any qualified bids in addition to the stalking horse bid:

16 "The Opcos Debtors reserve the right in consultation
17 to consultation parties and subject to seeking and
18 obtaining Bankruptcy Court approval to terminate the
19 sales process," et cetera.

20 "The Opcos Debtors in consultation with the
21 consultation parties and subject to seeking and
22 obtaining Bankruptcy Court approval may after
23 consideration of the foregoing determine the stalking
24 horse bid is the successful bid and elect to forego
25 the auction."

1 Has that in fact occurred?

2 **MR. ARONZON:** I think we'll hear from the independent
3 representatives as the hearing proceeds. I believe that's what
4 they will tell you, but we might as well wait for Skadden to
5 come up here and make that report to you. But I believe that's
6 where we will be today.

7 **THE COURT:** All right. And then "T" provided -- and
8 I've reviewed all the bidding procedures. "T" provided that
9 the sale hearing would be held before this Court and the third
10 sentence provides:

11 Unless the Bankruptcy Court orders otherwise, if the
12 Opco Debtors do not receive any qualified bids in
13 addition to the stalking horse bid the Opco Debtors
14 shall proceed as set forth in the no additional
15 qualified bid section above."

16 That would be "P," which I just read.

17 **MR. ARONZON:** Correct.

18 **THE COURT:** And it's mandatory.

19 **MR. ARONZON:** Correct.

20 **THE COURT:** So I'd be glad to hear the report.

21 **MR. ARONZON:** If I may just for one minute, because I
22 think it's pertinent to everybody, and it's a little bit of a
23 digression, but I wanted to mention fully that we have, as you
24 know, reached an agreement with our Unsecured Creditors
25 Committee on the Plan of Reorganization and it has -- it

1 provides for support for the Plan process.

2 **THE COURT:** Two things, and I should put -- I should
3 make a record. I have prepared a notebook for myself dealing
4 with Docket Numbers 1863, 1864, 1867, and 1868 and I reviewed
5 those in preparation for today's hearing as well.

6 **MR. ARONZON:** Correct.

7 I bring it up because I think it's a milestone and I
8 think it's very important and we appreciate all of the
9 constructive efforts of everybody in helping achieve that
10 agreement. It also provides for a backstop arrangement to a
11 rights offering. And those documents were executed and
12 signatures exchanged this morning. So not only is there a
13 settlement with the Creditors Committee, there is a process in
14 place built into the Plan for participation by bondholders and
15 it's fully backstopped.

16 **THE COURT:** I've read that. I had to read that when
17 I reviewed --

18 **MR. ARONZON:** Docket --

19 **THE COURT:** -- the redline versions. And just so
20 that record once again is complete, I read all of those redline
21 versions and was very cognizant of the changes before I signed
22 the Amended Disclosure Statement --

23 **MR. ARONZON:** I bring it up --

24 **THE COURT:** -- and Orders relating thereto.

25 **MR. ARONZON:** I bring it up because I think it's

1 relevant to the process from this point forward and it's
2 important to underscore that it facilitates the sale
3 transaction that we've been talking about.

4 In addition, while not finished yet, and Mr. Qusba
5 and Mr. Goldberg can correct me if I misstate anything, we have
6 the basic contours of an agreement in principle with the
7 Independent Lenders. A couple of things need to happen. Each
8 of the lawyers I just mentioned are working with their clients
9 to finalize some pieces of what we hope will be a settlement
10 that's final. It will embody itself in a stipulation of some
11 sort to look very similar to what we did with our Official
12 Creditors Committee and should be forthcoming toward the end of
13 next week, hopefully before the objection deadline for the
14 actual confirmation process.

15 So I just wanted all the parties to know where we
16 were on some very critical points. I think they pave the way
17 for us to move forward in the case quickly and I appreciate the
18 work by every one of the lawyers and their clients to get us
19 there.

20 **THE COURT:** Who's going to address the Court --

21 **MR. ARONZON:** I think Skadden, your Honor.

22 **THE COURT:** Thank you.

23 **MR. WALTER:** Good morning, your Honor. Glenn Walter
24 of Skadden Arps on behalf of Dr. Nave, the independent director
25 of Station Casinos, Inc.

1 Under the bidding procedures the Opco Debtors under
2 the direction of Dr. Nave and in consultation with the
3 consultation parties conducted an auction process to obtain the
4 highest and best bid for the Opco properties. On August 4th,
5 as indicated by this Court, Dr. Nave filed his report and there
6 is a companion declaration of Dan Aronson from Lazard
7 establishing the facts set forth in the report. The report
8 goes through a detailed recitation of all the steps that were
9 taken in the conduct of the auction process. Unless the Court
10 has specific questions on that I will rely on the report and
11 the declaration and not go through step by step on all those
12 facts.

13 **THE COURT:** No, as I've indicated, I studied those,
14 went back and reviewed the bidding procedures as well as the
15 Order to ensure that the conduct of the process was consistent
16 with what I ordered, and I believe that it was. And nobody has
17 indicated to me in any pleading that it was anything other than
18 consistent with my Order and the bidding procedures.

19 **MR. WALTER:** Thank you, your Honor.

20 As set forth in the report, after the conclusion of
21 the auction process Dr. Nave, in consultation with his advisors
22 and in consultation with the consultation parties, determined
23 that the only qualified bid was the bid set forth by the
24 stalking horse bidder. Accordingly, we'd move under
25 Paragraph P of the procedures to officially close the auction,

1 designate the stalking horse bidder as the successful bid, and
2 have the official hearing to approve the sale process -- or the
3 sale hearing to be heard concurrently with the confirmation
4 hearing. A form of Order setting forth such relief was
5 attached as a draft to the report and if your Honor has no
6 other questions we would move that that Order be entered.

7 **THE COURT:** Thank you.

8 Does anybody wish to be heard?

9 **(No audible response)**

10 No response to my question.

11 I have reviewed the proposed Order, indicated I have
12 already reviewed the pleadings. It struck me that that was the
13 procedure that was anticipated in the Order and in the bidding
14 procedures.

15 I would point out that when we conducted the hearings
16 that there had been some objections that had been filed then
17 withdrawn, but apparently some of those that participated in
18 the procedure decided not to go forward and there have been no
19 objections, as I've noted, to how the process was conducted and
20 all those had full opportunity to bring any concerns that they
21 had before this Court prior to the commencement of the process
22 and chose not to.

23 And I believe, and I think the absence of any
24 objection corroborates that belief, that in fact the process
25 was done consistent with the Order therefore I am going to

1 grant the motion.

2 **MR. WALTER:** Thank you, your Honor.

3 **THE COURT:** That takes care of the non-auction.

4 What's --

5 Mr. Kreller?

6 **MR. KRELLER:** Your Honor, if I might before getting
7 to the fee applications --

8 **THE COURT:** I have a question. I need to interrupt.
9 I conducted a hearing regarding the standing motion and
10 provided for additional briefing and I don't know -- is there
11 anyone participating from Quinn Emanuel, are they on --

12 **MS. ZALDUENDO:** Good morning, your Honor, Jeanine
13 Zalduendo.

14 **THE COURT:** Thank you. The settlement that was
15 arrived at with the Committee, based upon my review at least
16 put a standstill regarding that matter conditioned upon
17 confirmation of the Plan. Is that correct?

18 **MS. ZALDUENDO:** Yes, that's correct.

19 **THE COURT:** All right. So I'm not looking for
20 briefing and if I don't confirm the Plan then I'll have to
21 address that issue at the time of the Plan confirmation
22 hearing, is that also correct?

23 **MS. ZALDUENDO:** Yes.

24 **THE COURT:** All right, that's what we'll do. Thank
25 you.

1 I just wanted to make sure the record was clear in that
2 regard.

3 **MR. KRELLER:** Your Honor --

4 **THE COURT:** I'm sorry to interrupt, Mr. Kreller.

5 **MR. KRELLER:** No, that's fine. I believe a
6 stipulation has actually been prepared, and I'm not sure
7 whether frankly it's been filed yet or not, extending that
8 August 13th briefing deadline for responses to the supplement
9 consistent with the standstill on all the --

10 **THE COURT:** Well, it makes no --

11 **MR. KRELLER:** -- litigation activity.

12 **THE COURT:** It makes no sense to do anything else
13 other than that, so okay.

14 **MR. KRELLER:** Agreed, your Honor.

15 I think the only other item on the agenda were the
16 fee applications that you moved up, but I did want to touch on
17 a couple of what I'll call housekeeping matters before we get
18 to that coming off of the closure of the auction and also just
19 to note that the settlement with the Creditors Committee, while
20 we signaled that that might be coming at the Disclosure
21 Statement hearing, that was never formally announced to you
22 other than through the submission of the revised Plan and
23 Disclosure Statement.

24 **THE COURT:** That was formal enough.

25 **MR. KRELLER:** There's a few items that kind of result

1 from all of this.

2 Number one, as we talked about at the Disclosure
3 Statement hearing, we are in the process of preparing a
4 supplement to the Disclosure Statement to report the results of
5 the auction process to the creditors.

6 **THE COURT:** That's going to -- when I went back and
7 reviewed there were some blanks that really concerned what
8 would be necessary for additional disclosure in the event that
9 there was a non-stalking horse bidder that prevailed. So I
10 think the changes are going to be relatively insignificant
11 compared to what would have been required.

12 **MR. KRELLER:** I think that's right, your Honor. I
13 will say in particular -- I think what we contemplate in the
14 supplement is attaching the report as an exhibit, the report
15 from Dr. Nave, that will set out for creditors in full the
16 process and the results and attaching it to the Order that
17 you'll be entering for --

18 **THE COURT:** I have no objection to that.

19 **MR. KRELLER:** There was also contemplated at the
20 Disclosure Statement hearing and discussed with Mr. Goldberg,
21 among others, the notion that supplemental projections would
22 also be included, depending on who the winning bidder was.
23 Those projections will be included in the supplemental
24 disclosure and I've advised Mr. Goldberg of that, as well as
25 confirmed for him that those will be included. I know he is

1 looking for those.

2 **THE COURT:** Thank you.

3 **MR. KRELLER:** I think it will be relevant, as
4 Mr. Aronzon noted, the commitments for the backstopping
5 bondholders have been executed and delivered. That will be
6 referred to in the supplement so that the general unsecured
7 creditors who are being solicited for the rights offering will
8 understand that the rights offering is now fully underwritten
9 by the backstoppers pursuant to their commitments.

10 And then there's a couple of other minor cleanup
11 items that we'll include in that supplement.

12 **THE COURT:** When will that be completed?

13 **MR. KRELLER:** Your Honor, my suggestion on that is I
14 think we will have something that we'll be in a position to
15 circulate to the parties later today and I would hope that we
16 would be able to simply submit an Order with signoff from all
17 of the relevant parties to you early next week for an early
18 next week mailing.

19 **THE COURT:** All right.

20 **MR. KRELLER:** Given that it's in addition to the
21 Disclosure Statement, we thought getting an Order approving the
22 supplement would be appropriate.

23 **THE COURT:** I will be gone for an ABI conference and
24 then I go right to the Ninth Circuit conference, but I can take
25 a look at them. We've done it before -- in case people don't

1 know how I was able to read the redlines, I had pounds,
2 literally, of materials and pleadings that were sent by courier
3 to a conference I was at for the Federal Judicial Center in San
4 Francisco and I spent most of last Wednesday night reading
5 them. So I appreciate the work to provide me with those while
6 I was not here. But they have all been read. I left some of
7 them behind --

8 **(Laughter)**

9 -- to be recycled.

10 **MR. KRELLER:** We apologize for burdening you with
11 those --

12 **THE COURT:** No, I had to read them.

13 **MR. KRELLER:** -- your Honor, but it wasn't enough to
14 stop us from settling.

15 **THE COURT:** No, I had --

16 **(Laughter)**

17 -- I had to read them and I figured if everybody else
18 was working that hard it's the least we could do.

19 **MR. KRELLER:** I appreciate it, your Honor. This
20 supplement, as you noted, I think is going to be very short.
21 It won't be nearly the volume of paper.

22 A couple of other items just by way of preview:

23 As you know, there is a settlement stipulation with
24 the Creditors Committee. We will be filing a motion seeking
25 approval of that. Frankly, much of that has already been

1 implemented through the Committee's submission of its support
2 letter to the revisions to the Plan. So we will be filing a
3 motion seeking approval of that from you.

4 The backstop commitment agreement, while the Debtors
5 are not a party to that, it's a rights offering from --

6 **THE COURT:** Right.

7 **MR. KRELLER:** -- essentially New Propco Securities,
8 there is a component of that that we will be seeking approval
9 of, and that is there's a piece of that agreement and it's in
10 the term sheet that embodies all of that, where the estates
11 have agreed to pay the fees, a certain amount of the fees of
12 the backstopping parties. So we'll be seeking authority to
13 make those payments.

14 There will be -- the mechanics and the documentation
15 for the rights offering will require approval. That
16 documentation, now that the commitments are in place, is
17 anticipated we'll be preparing subscription agreements and
18 other materials that will go out to those folks who will
19 indicate that -- will have indicated an interest for the rights
20 offering. So we'll be filing a motion probably a few weeks
21 from now seeking approval of the rights offering documents and
22 also setting appropriate deadlines for subscriptions. That's a
23 process that I think will lag confirmation, assuming we confirm
24 at the end of August.

25 **THE COURT:** I think that's set for the 27th, isn't

1 it?

2 **THE CLERK:** Yes, your Honor.

3 **MR. KRELLER:** That's correct, your Honor. I
4 believe --

5 **THE COURT:** Now, if you do have a settlement I'm
6 assuming then you have a consensual Plan?

7 **MR. KRELLER:** We believe we will, your Honor.

8 **THE COURT:** All right.

9 **MR. KRELLER:** When the Independent Lenders settlement
10 is done I think we are then fully consensual.

11 **THE COURT:** Which will obviate the need for a great
12 deal of evidence.

13 **MR. KRELLER:** I would --

14 **THE COURT:** I'm trying to determine how much --
15 We also set aside the Monday, didn't we?

16 **THE CLERK:** Yes, your Honor.

17 **MR. KRELLER:** We did.

18 **THE COURT:** -- how much time you believe will be
19 necessary for the confirmation hearing.

20 **MR. KRELLER:** Your Honor, our hope and our
21 contemplation is that we will be filing a full set of
22 declarations and with a consensual deal I don't think we're
23 going to have a need to put witnesses on. I actually don't
24 think it will be an evidentiary hearing, assuming the
25 declarations.

1 **THE COURT:** But I want the declarations and I want to
2 read them.

3 **MR. KRELLER:** Absolutely, your Honor. Absolutely.

4 **THE COURT:** All right. If you can set those hearings
5 for the 27th or the 30th, that would work, for those matters
6 that you just mentioned.

7 **MR. KRELLER:** I think we --

8 **THE COURT:** I'll be glad to -- I don't see why I
9 wouldn't grant the shortening time. If we've got agreement on
10 those, the sooner the better that we can have them.

11 **MR. KRELLER:** I think --

12 **THE COURT:** Because, as I see them, they're related
13 to the Plan itself.

14 **MR. KRELLER:** I think that's right, your Honor. The
15 one caveat to that is the rights offering documentation may --
16 the terms of the agreement with the parties require that
17 documentation to be done on August 23rd, which means those
18 documents won't be done until August 23rd.

19 **THE COURT:** Well, I don't think I need the documents
20 themselves. In other words, you want to get the motion filed,
21 get the matter before me -- if the documents are signed, the
22 documents are signed. I don't think anybody is going to be
23 greatly concerned about the absence of those documents together
24 with the motion. If problems arise thereafter you have four to
25 seven days to deal with it, so....

1 **MR. KRELLER:** That's perfect, your Honor. So we will
2 work to get everything on calendar for the 27th and have all
3 those motions heard.

4 There's one other piece to that, which you just
5 noted, you'll see there is also, I think as you know from the
6 Disclosure Statement, a settlement with Colony, one of the
7 other major shareholders here. There's a stipulation that has
8 been reached with the shareholders with respect to their
9 restraint from taking any actions that might impair the
10 company's net operating loss tax attributes, a fairly
11 straightforward standstill stipulation, if you will. We'll be
12 filing a short motion on that as well.

13 **THE COURT:** All right.

14 **MR. KRELLER:** So we'll include that in the bucket of
15 things that we'll set for the 27th.

16 Last preview for you, your Honor, and this is just
17 for your calendar purposes, a number of the sellers under the
18 stalking horse bid are operating subsidiaries that to this
19 point we've worked hard to keep out of bankruptcy. In
20 implementation of the sale we likely will be filing some of
21 those subsidiaries in order to deliver those assets free and
22 clear to the stalking horse bidder. We anticipate that those
23 filings will occur sometime in the middle of September,
24 sometime post-confirmation, but we wanted to let you know that
25 those were coming. We likely will be seeking to jointly

1 administer those cases with these cases. Those cases likely
2 will be filed with a Plan and Disclosure being filed on day one
3 or very soon thereafter and that Plan will essentially be an
4 implementation of the sales transaction to the stalking horse
5 bidder that we'll be seeking approval of at the confirmation
6 hearing. So we just wanted to give you a heads up on that.

7 **THE COURT:** Good, we needed more cases.

8 **MR. ARONZON:** There is one more piece to that though,
9 your Honor. As you know, we have two subsidiaries that operate
10 very large casinos, the Aliante and the Green Valley Ranch.

11 **THE COURT:** I'm aware of that.

12 **MR. ARONZON:** Those two will also be joining in these
13 cases, so....

14 **THE COURT:** Green Valley Ranch has already filed.

15 **MR. ARONZON:** The manager, which is the Station
16 Casinos entity that manages that property, has filed.

17 **THE COURT:** Right.

18 **MR. ARONZON:** The joint ventures will be filing
19 alongside our other subsidiaries.

20 **THE COURT:** Because Station owns a hundred percent,
21 then there's a 50 percent ownership --

22 **MR. ARONZON:** Correct.

23 **THE COURT:** -- as I remember it --

24 **MR. ARONZON:** Correct.

25 **THE COURT:** -- GCR and the SCI entity.

1 **MR. ARONZON:** Correct.

2 **THE COURT:** All right.

3 **MR. ARONZON:** So I just wanted you to know that among
4 the subsidiaries coming in those two will be coming in.

5 **THE COURT:** All right. Thank you.

6 Do you have any idea what is that number? I know
7 that that was anticipated and contemplated by the Disclosure
8 Statement and the Plan, but I don't know --

9 **MR. ARONZON:** The number of filings?

10 **THE COURT:** Yes.

11 **MR. KRELLER:** Your Honor, I think it's
12 approximately 30.

13 **THE COURT:** The Clerk's office likes to know that.

14 **MR. KRELLER:** And, your Honor, just so you know, our
15 anticipation and our hope is that through jointly administering
16 those with these cases we can do as we did with the GV Ranch
17 sub, roll over some of the procedural orders --

18 **THE COURT:** Please coordinate with my courtroom
19 deputy, because it sounds like you may need some orders at
20 least regarding administration fairly early, and if you have an
21 idea when you're going to file they can set them, because I
22 know I'm gone September 14th, 15th, and 16th and then I'm gone
23 at the end of the month as well.

24 **THE CLERK:** The 22nd.

25 **MR. ARONZON:** You're gone on the 22nd.

1 From an operations standpoint --

2 **THE COURT:** One second.

3 **(Court confers with clerk)**

4 **THE COURT:** Yeah, that's why we've got to set the
5 dates.

6 **MR. ARONZON:** We were tentatively circling the 22nd
7 as one of the better days for us from an operations standpoint.
8 Remember, this involves --

9 **THE COURT:** What date?

10 **MR. ARONZON:** The 22nd.

11 **THE COURT:** Maybe I can work with that. I don't know
12 when I'm speaking. We'll find out.

13 **MR. ARONZON:** Thank you, your Honor. We will
14 certainly coordinate though with your staff, your Honor.

15 **MS. CARLYON:** This is Ms. Carlyon, if I can
16 interrupt. The 22nd for the ABI Southwest Conference is just
17 the opening reception.

18 **THE COURT:** Well, that's -- that's fine. If we need
19 to set it on the -- I always enjoy -- but that's okay, we can
20 use the day of the 22nd.

21 Thank you, Ms. Carlyon, that's helpful.

22 **MS. CARLYON:** No, I apologize; the 23rd is actually
23 the opening reception. That's the Thursday.

24 **THE COURT:** Okay, then that shouldn't be a problem.
25 We can adjust my calendar for that.

1 **THE CLERK:** Yes, your Honor.

2 **(Clerk confers with Court)**

3 **MR. ARONZON:** All right, your Honor, we'll continue
4 to coordinate --

5 **THE COURT:** All right.

6 **MR. ARONZON:** -- with your staff on that.

7 **THE COURT:** Thank you.

8 **MR. ARONZON:** That's really all I had on the list of
9 things that I wanted to alert you to.

10 **THE COURT:** All right. Thank you very much.

11 **MR. GOLDBERG:** Your Honor, if I may, this is Eric
12 Goldberg; I just had one brief comment I'd like to make.

13 **THE COURT:** Please.

14 **MR. GOLDBERG:** On behalf of the Independent Lenders
15 Mr. Aronzon mentioned the settlement discussions and
16 Mr. Kreller referred to the possibility of a fully consensual
17 Plan. I just wanted to reiterate that while discussions are
18 ongoing and we have a framework in place, you know, as you
19 know, the devil is always in the details, so it may or may not
20 be that we end up in a settlement. But we are proceeding and
21 it is our hope that we can reach one, but it's of course still
22 possible that we don't make a deal and in that case we may be
23 objecting to confirmation.

24 With regard to scheduling, I don't anticipate there'd
25 be many or any evidentiary issues, but we should know much more

1 where we are by the Plan objection deadline. We certainly
2 appreciate the Debtors' optimism as to the possibility of a
3 settlement and I think the parties are working in good faith to
4 make that happen.

5 **THE COURT:** Well, that's good, and of course we
6 always have to wait till the vote. As you pointed out at the
7 last hearing, your group may well support the Plan.

8 All right, I appreciate that.

9 I had a number of hearings set for Monday, but I
10 could not -- I had one request perhaps to accelerate a hearing
11 on the numerous fee applications. I have three substantive
12 matters that are set for Monday and I'm leaving them on
13 calendar, two of which are unopposed and the third of which has
14 been vacated and I don't think there's been any objection to
15 the vacation of that hearing, because it was actually based
16 upon information that was provided by the Debtor to the moving
17 party a day or two after the pleadings were filed. So that
18 will just leave two motions that are, so far as I can
19 determine, unopposed.

20 Is that --

21 **MR. KRELLER:** I believe that's correct, your Honor.

22 **THE COURT:** But I did -- I had a number of fee
23 applications and once I had a request by one counsel to perhaps
24 consider the matter today while present in Reno it made sense,
25 and I checked with the Office of the U.S. Trustee to see if

1 they had any -- if that office had any objection and it did
2 not, to move the hearings up to today. If I've got everybody
3 here and they're participating telephonically in an attempt to
4 be as efficient and economical as possible I thought I'd at
5 least conduct the hearings.

6 There have been no objections filed to any of the fee
7 applications. I have reviewed them all.

8 I assume the Office of the U.S. Trustee has reviewed
9 them?

10 **MR. COSSITT:** We have, your Honor.

11 **THE COURT:** All right.

12 **MR. COSSITT:** And we have not filed any objections at
13 this time.

14 **THE COURT:** Thank you.

15 But I'm not going to enter any orders. What I'll do
16 is I'll consider those today for those firms or professionals
17 who are here. If none are here I will consider them of course
18 Monday. And I will call them on Monday just to ensure that
19 there are no objections.

20 And if there are objections, all you need to do is be
21 available and we can place a telephone call and just join you.
22 So make sure that my courtroom deputy has a number, a phone
23 number or contact number, in case we do have to place that call
24 Monday morning.

25 Frankly, the objection deadline has passed and, as I

1 said, there have been no objections, so I do not anticipate
2 that being necessary. But just as a backup position that's
3 what I wanted to do.

4 Yes, sir?

5 **MR. ARONZON:** I was just going to ask, your Honor,
6 for those who were only interested in the sale, perhaps we
7 could be dismissed?

8 **THE COURT:** Yes. Anyone that --

9 **MR. ARONZON:** Help you clear out the courtroom a
10 little bit.

11 **THE COURT:** Well, why don't I do this, I'm going
12 to -- I'll come back at a quarter to and allow people, if they
13 want to collect their belongings or hang up on the telephone, I
14 only need those that are requesting fees. And I know there's
15 no objectors, but I have comments on several of them.

16 But I'll start again at quarter to. Thank you very
17 much.

18 **MR. ARONZON:** Your Honor, on behalf of the Debtors I
19 want to thank everybody who's participated in this in
20 connection with the sale, and in particular your Honor and the
21 Court.

22 **THE COURT:** Thank you very much.

23 Thank you.

24 **THE CLERK:** All rise.

25 **(A recess was taken from 10:36 a.m. to 10:46 a.m.; parties**

1 **present)**

2 **THE COURT:** That's okay. I was just thinking before
3 Mr. Aronzon left I have a couple questions about his travel
4 time, maybe you can answer them.

5 **MR. KRELLER:** I'll do my best, your Honor.

6 **THE COURT:** All right.

7 The first application I have is Number -- it's 4 on
8 Monday's calendar, and that is of Quinn Emanuel. And I believe
9 counsel is on the telephone, is that correct?

10 **MS. ZALDUENDO:** Yes. Good morning, your Honor,
11 Jeanine Zalduendo.

12 **THE COURT:** I have -- by the way, I've reviewed the
13 notice, that's Docket Number 1465, and that is for the
14 application for Quinn Emanuel, Moelis, and Fried Frank. So
15 it's been properly noticed.

16 Let's deal with Quinn Emanuel.

17 You're seeking for the second interim \$938,646.29 and
18 I understand 80 percent of the fees and a hundred percent of
19 the expenses have been paid pursuant to my August 7th, 2009
20 compensation Order. The blended rate is \$538.26, including
21 non-lawyer time. Attorney time by itself is \$565.19.

22 Now, I've gone through it and I have a couple of
23 questions.

24 It took, according to my calculations, one, two,
25 three, four, five, six, seven lawyers to draft what was

1 denominated as the LBO complaint at a cost of \$42,750.50. That
2 does not include conferences, legal research, just entries
3 indicating drafting. For the complaint regarding the master
4 lease there was an additional \$14,465.80. That just strikes me
5 as a large amount of time. People were working Christmas Eve,
6 one on Christmas day, in this regard.

7 I studied those complaints and while they're well
8 done I candidly have a real problem in thinking that there was
9 duplication and that it could have been accomplished for far
10 less. I'll be glad to hear a response.

11 **MS. ZALDUENDO:** Thank you, your Honor. We took the
12 drafting of these complaints very seriously. They were our
13 main focus during -- or one of our main focuses during this
14 interim period. A lot of review of factual information and
15 consulting over the factual information went into the drafting.
16 And in particular, part of the time that was spent and the
17 reason that a number of individuals worked on these complaints
18 was in part because it was over the holidays and certain people
19 were traveling and other people needed to step in at the last
20 moment to assist. And specifically in that regard a lot of
21 time was spent redacting the complaint for confidential
22 information that we felt we wouldn't be able to share and
23 certain decisions had to be made as to what portions of the
24 complaint were and were not confidential. So that, you know,
25 unfortunately took additional manpower and time considerations

1 over the holidays.

2 We thought that we were on sort of an expedited
3 schedule to get this filed with the Court as soon as possible,
4 you know, we were afraid that certain of our rights would be
5 compromised if we let certain deadlines run. Again that was
6 part of the reason that the manpower was needed over the
7 holidays while certain of the core team members were traveling.

8 **THE COURT:** You and Mr. Winston have the majority of
9 the time.

10 **MS. ZALDUENDO:** Yes.

11 **THE COURT:** You have 25.3 hours and he had 27.4 hours
12 just on the LBO complaint. And as I read the entries -- and I
13 tried to make sure that I had the correct entries, because they
14 actually fall under two different tasks when I went through it.
15 You had the executory contract and unexpired leases, there were
16 liens and setups, then you had the potential litigation. It's
17 under potential litigation where the draft complaint regarding
18 the LBO was actually found, if I have read this correctly.

19 And it really started on the 4th of December,
20 Mr. Winston draft complaint 2.3 hours, and then it continues,
21 and that's after research had been conducted. On the 6th he
22 revises the draft, 5.5 hours. You reviewed the draft for the
23 first time the next day on the 7th. And I appreciate what you
24 did because it's difficult for me to figure out exactly how
25 much time Mr. Winston spent on the 6th on the complaint because

1 he also worked on the standing motion and extension motion.
2 And what I did is I only -- when I went through this, to be
3 fair I only attributed one hour of that to reviewing the
4 complaint, just so I didn't want you to think I included all
5 5.50 hours. And you did a good job of breaking out your time
6 rather than lumping it all together and you had 3.1 hours on
7 the 7th. And then KS, and I'm sorry, has .8 also on the 7th.
8 Mr. Winston on the 9th has 3 hours revising the complaint. The
9 same day you have 4.1 hours. You have a conference with
10 Mr. Winston, I didn't count the conference. On the 10th I
11 think it's Ms. Taggart, I think it's Erica Taggart, has
12 1.7 hours on reviewing the draft complaint. Then we go back on
13 the 13th you've got 4.4 to review and revise the complaint. On
14 the 14th Mr. Winston has revise complaint/standing motion, he
15 doesn't break that down, he had 2.6; I just split that
16 fifty/fifty.

17 And I could go on and on. I can give you exactly
18 with the dates. It just seems to me, when you're just
19 writing -- on the 16th, for example, 2.7 revise LBO complaint.
20 It is a lot of time without a great amount of detail spent in
21 doing it. And then I've got the senior partner at \$860 an hour
22 reviewing the complaint. And he also said he reviewed the
23 motion for standing and revised the same, so I didn't know how
24 much to contribute just to the complaint. But it's just a lot
25 of time to revise a pleading. And I understand, nobody I think

1 is more aware than I am of how important that issue was, but as
2 I went through this, without more detail as to why so much time
3 was spent, I have a very difficult time with it.

4 I frankly thought that it could be done more
5 economically and I am going to reduce the application by
6 \$10,000 in that respect.

7 Then the -- one of the problems with this case is the
8 number of lawyers that either appear personally or by telephone
9 at every hearing. And I took a look at some of this, I was
10 looking and I'm not sure I understood exactly what was meant at
11 Pages 13 and 14 of the application. I'm at Page 14, Line 4:

12 "As a result, four Quinn Emanuel attorneys were
13 present at the hearing on the standing motion in
14 preparation for and execution thereof. This hearing
15 lasted a full day. Attorney time for working travel
16 to and from the hearings described and in preparation
17 of the hearings was also billed in this category."
18 that category being court hearings.

19 Well, when I looked at the category what I couldn't
20 tell whether the four lawyers were the lawyers who actually
21 appeared or those that just worked in preparation, but I
22 believe there were actually four lawyers that appeared either
23 telephonically or in person.

24 Is that accurate?

25 **MS. ZALDUENDO:** I believe only two appeared on the

1 record and then two attorneys were present to assist in the
2 courtroom with documents and whatnot, but all four participated
3 in the preparation for the hearing.

4 **THE COURT:** BF1, EDW, JMZ, and SK2, that's what my
5 notes indicate. Would that be accurate?

6 **MS. ZALDUENDO:** Yes, that's correct.

7 **THE COURT:** Okay. And I -- why was it necessary for
8 all four?

9 **MS. ZALDUENDO:** Well, primarily the motion was argued
10 by Susheel Kirpalani and he had sort of a small role in the
11 case up until that point --

12 **THE COURT:** That's pretty obvious from the review.
13 And I was wondering -- you know, I've heard Mr. Winston argue
14 and I think he does a really great job. I'm trying to figure
15 out what was the necessity of bringing a higher priced lawyer.
16 I mean he spent --

17 **MS. ZALDUENDO:** We felt that --

18 **THE COURT:** -- he spent 9.5 hours reviewing
19 everything then bills travel time and then shows up. And I
20 have -- I don't understand that, very frankly.

21 **MS. ZALDUENDO:** Mr. Kirpalani is the senior
22 bankruptcy partner here at our firm and we felt that -- and
23 Mr. Winston agreed that it would be in the best interests of
24 the client to have Mr. Kirpalani argue and he had more
25 experience with standing motion hearings and various legal

1 aspects of the argument.

2 **THE COURT:** And he did a fine job. He did an
3 excellent job. I understand that. But if he's going to be
4 here then why is Mr. Winston here?

5 **MS. ZALDUENDO:** For the reason that where
6 Mr. Kirpalani may have had some legal expertise, Mr. Winston
7 had the factual background to assist Mr. Kirpalani where it was
8 needed.

9 **THE COURT:** And then why were those folks, I believe
10 you were one of them, also here?

11 **MS. ZALDUENDO:** There's a lot of preparation that
12 goes into a standing motion hearing. There were very
13 voluminous pleadings, very voluminous factual documents and
14 declarations, and we were there to assist. Mr. Finestone was
15 assisting Mr. Kirpalani on legal issues, helping him with legal
16 research, helping him in his preparation of his argument, and I
17 was doing the same for Mr. Winston and for both men regarding
18 all of the pleadings and preparation of the materials that may
19 be needed. We had some demonstratives. Issues such as that
20 were attended by Mr. Finestone and I in preparation for the
21 hearing.

22 **THE COURT:** And he does -- Mr. Feinstein -- stone --
23 is it Finestone?

24 **MS. ZALDUENDO:** Yes.

25 **THE COURT:** At \$550 an hour and you do that at \$520

1 an hour.

2 **MS. ZALDUENDO:** Yes.

3 **THE COURT:** Now, let's take a look -- and I also
4 looked at other entries in January because there were other
5 hearings. And I appreciate the fact -- you know, I could find
6 yours, you do one of the better jobs timekeeping, for example
7 on 1/24 working travel from Los Angeles to Reno, I could not
8 quite find --

9 Mr. Winston has on 1/26 travel Reno to LAX 1 hour
10 \$740, it doesn't say he's working. I don't know what he'd be
11 working on going home from the hearing. So I'm going to make
12 an adjustment for that \$740.

13 Oh, yes, and I was going -- I'm looking at Page 28 of
14 61 of Docket Number 1012 and then I go back to Page 8 of 61,
15 because I found I think how you got to Reno, because I was
16 trying -- I'm very concerned about the travel time and the
17 amount spent. The summary by lawyer is at Page 16, so let's
18 take a look at that.

19 **(Pause)**

20 The only reduction that I saw was for .5 hours -- is
21 that correct -- a \$26 decrease. That was the only reduction
22 that I found. Is that accurate?

23 **MS. ZALDUENDO:** Yes, your Honor, that was from a
24 billing mistake.

25 **THE COURT:** Yeah, well, in addition to the 10,000 I

1 earlier reduced this bill I'm going to reduce it by an
2 additional \$10,000 for duplication regarding the matters
3 already talked about and travel time. So I'm reducing this
4 application by \$20,000.

5 I reviewed the expenses. I believe that the expenses
6 are appropriate.

7 So that's going to be my ruling. The fees will be
8 reduced to \$879,700.50. All right?

9 **MS. ZALDUENDO:** Thank you, your Honor.

10 **THE COURT:** Just submit -- all orders regarding fees
11 have to be signed off by a representative of the Office of the
12 U.S. Trustee.

13 Thank you very much.

14 The next application I have is that of Moelis &
15 Company. I reviewed that. That's Docket Number 1460. I read
16 the Declaration of Mr. Flachs (phonetic), Docket Number 1461.
17 And I've read -- I know that they've all been supported and
18 approved by the Committee.

19 Correct?

20 **MS. STEINGART:** Yes, they have --

21 **THE COURT:** Yeah.

22 **MS. STEINGART:** Yes, they have, your Honor.

23 **THE COURT:** I've reviewed this. There's been no
24 objection. I'm going to grant the Moelis application.

25 **(Court confers with clerk)**

1 Now, the next I have is Fried Frank. I have reviewed
2 the application, Docket Number 1462, Ms. Steingart's
3 Declaration, 1463, and then Mr. Vanduga (phonetic), who
4 obviously supports this on behalf of the Committee.

5 **MS. STEINGART:** Yes, your Honor.

6 **THE COURT:** Okay. There was a voluntary reduction of
7 \$57,647.

8 **MS. STEINGART:** Yes, your Honor.

9 **THE COURT:** That's appreciated. I find the hourly
10 rate, including all paraprofessionals is \$495.68 an hour, which
11 is commendable.

12 I have the same issue regarding the number of lawyers
13 at a hearing. I have a note.

14 (**Pause**)

15 I can't read my own writing. That's the problem.
16 There was a lawyer, first initial M. and it looks like the last
17 name is G-R-O-N-D-O. Is that --?

18 **MS. STEINGART:** G-R-O-N-D-O?

19 **THE COURT:** I'm looking for it. I don't think that
20 that's -- I just don't think I wrote it correctly. And then,
21 there was a Soto and a de Leeuw (phonetic) and they were all
22 present at a hearing. Does that help you?

23 **MS. STEINGART:** Right. There was a Mr. Kaplan and a
24 Mr. de Leeuw who were present and that was a hearing for which
25 I was traveling and -- well, no. I don't think Mr. Kaplan and

1 Mr. de Leeuw were at the same hearing. Mr. de Leeuw attended
2 the hearing where Mr. Winston argued the standing motion. I
3 was traveling --

4 **THE COURT:** Right. It says -- my notes said, "See
5 page 12." And I'm looking at the application, page 12, but I
6 can't find the reference there that I was --

7 **MS. STEINGART:** Right. And Mr. de Leeuw was here to
8 argue, if you recall, your Honor, for that hearing, there was
9 an argument with respect to a settlement, just of the fees that
10 the debtors had with the independent lenders.

11 **THE COURT:** That's right. They want some \$900,000.

12 **MS. STEINGART:** And if the Court remembers, we were
13 the only party -- the committee was the only party -- that
14 objected to that. I could not come to Reno for that hearing.
15 Mr. de Leeuw came --

16 **THE COURT:** Oh, you know who I was referring to?
17 That was Mr. Grow (phonetic), because my question is, "What did
18 Mr. Grow do?"

19 **MS. STEINGART:** If Mr. Grow was at the January 25th
20 hearing with Mr. de Leeuw, then Mr. Grow helped to prepare
21 Mr. de Leeuw for that hearing. To the extent that the Court
22 believes that Mr. Grow's time is redundant, we are happy to
23 write that off.

24 **THE COURT:** I was looking -- because it's working
25 travel time and see, that's my concern. If you'll take a look,

1 you've got Ms. Soto on 12/2 -- I'm looking at Exhibit 1.

2 **MS. STEINGART:** Right.

3 **THE COURT:** And I look at this and 12/10 your time
4 you worked from New York to Reno.

5 **MS. STEINGART:** Oh, that was the 12/10 hearing.

6 **THE COURT:** Yeah, that's what I'm looking at.

7 **MS. STEINGART:** That hearing was the hearing on the
8 master lease compromise, your Honor.

9 **THE COURT:** Right. Exactly.

10 **MS. STEINGART:** And if you recall, that was -- we
11 were on the way -- that was the first one, which we didn't
12 settle with the debtors until -- actually I was grounded in San
13 Francisco and traveling by car from San Francisco --

14 **THE COURT:** Never go to San Francisco.

15 **MS. STEINGART:** Well, you know, there you go.

16 **THE COURT:** No, seriously. Go to Oakland.

17 **MS. STEINGART:** Yeah, lessons learned. But so, we
18 were preparing for an evidentiary hearing, your Honor, and we
19 were working on that plane. I can tell you --

20 **THE COURT:** I have no problem with that. I looked at
21 your time sheets.

22 **MS. STEINGART:** I mean, we were -- yeah.

23 **THE COURT:** I have no problem. I remember everything
24 was coming quickly.

25 **MS. STEINGART:** Yeah, we were flat out for that

1 hearing.

2 **THE COURT:** And there were four lawyers.

3 **MS. STEINGART:** Right. There was Mr. Grow; there was
4 Ms. Soto --

5 **THE COURT:** Actually, there were three. Mr. de Leeuw
6 wasn't there. Only the three of you.

7 **MS. STEINGART:** Right, yeah. You know --

8 **THE COURT:** And all three of you were working.

9 **MS. STEINGART:** Yeah. And Mr. de Leeuw was just at
10 that one hearing, your Honor, at the end of January. It was a
11 January 25th hearing and I had a previously planned vacation
12 that I took.

13 **THE COURT:** Now, then I looked forward to see how you
14 guys go home. Did you spend the night somewhere? I mean, I've
15 got you leaving both on the 11th and on the 12th from Reno and
16 I don't understand that.

17 **MS. STEINGART:** That shouldn't have happened. You
18 know, I don't think that there was any -- for any of the
19 hearings. One of my colleagues may have flown somewhere and
20 then flown from there home, because there are no direct
21 flights.

22 **THE COURT:** Take a look at Exhibit 1 to the
23 application, if you would.

24 **MS. STEINGART:** Right. Right. And which page are
25 you on?

1 **THE COURT:** That's 1462-1, page 1 of 1. It's Exhibit
2 12, the interim fee application.

3 **MS. STEINGART:** 1462.

4 **THE COURT:** It's got a Bates stamp, it looks like at
5 the bottom it's 7690582. It's just before all your billing
6 statements.

7 See, there's Mr. Grow. Travel time from New York to
8 Reno, prepared for hearing. And he only -- see, that's what
9 I --

10 **MS. STEINGART:** Well, you know what? He lost his
11 suit -- he had to go somewhere on the way home. He lost his
12 suitcase and we lost all our documents. And if the Court
13 believes that's an inappropriate charge -- he had to go back to
14 San Francisco to find his things.

15 **THE COURT:** That's not a problem.

16 **MS. STEINGART:** Because we had taken the car.

17 **THE COURT:** I just -- but if you take a look, you
18 see --

19 **MS. STEINGART:** Yeah, it was bad.

20 **THE COURT:** -- it's got you leaving on the 11th.

21 **MS. STEINGART:** Yeah.

22 **THE COURT:** Ms. Soto on the 11th. Then, it's got you
23 leaving again and Mr. Grow leaving again on the 12th and I'm
24 going --?

25 **MS. STEINGART:** Yeah.

1 **THE COURT:** How did that happen? Because it looked
2 like --

3 **MS. STEINGART:** Yeah. It was because he had to go
4 find our boxes of documents and his clothing.

5 **THE COURT:** What I'm trying to figure out is, for
6 example, on the 11th, you've got non-working travel time, so
7 that's half time? Is that what that's supposed to be, the 4.9?

8 **MS. STEINGART:** That's right. That's right.

9 **THE COURT:** And then, the 6.2?

10 **MS. STEINGART:** Yes.

11 **THE COURT:** I've flown. I know what it's like to
12 make connections out of Reno.

13 **MS. STEINGART:** Right. You know, it generally takes,
14 you know, between the flights and the delays the waiting --

15 **THE COURT:** But if that's half time, that means it's
16 a 22-hour trip.

17 **MS. STEINGART:** That's half time. Yeah, yeah.
18 Because of cancellation of planes, it could have been 12 hours.
19 Many times it's 12 hours.

20 **THE COURT:** Twelve I get; 22 I don't.

21 **MS. STEINGART:** No. It shouldn't be 22.

22 **THE COURT:** But see, if this is half time, it would
23 have to be. That's my point. Let's just add yours together.
24 That would be 11.1 hours.

25 **MS. STEINGART:** Well, then, there's a date wrong

1 here. There has to be a date wrong here, your Honor.

2 **THE COURT:** If it's half time, it's half time.

3 **MS. STEINGART:** Right. Right. May I make a
4 correction?

5 **THE COURT:** I'm willing to accept -- I would like to
6 cut all of those by 50 percent, because I'm not sure that's
7 what happened.

8 **MS. STEINGART:** I have no objection to that, your
9 Honor.

10 **THE COURT:** Okay.

11 **MS. STEINGART:** It's clearly an error.

12 **THE COURT:** Yeah. I think --

13 **MS. STEINGART:** Clearly an error.

14 **THE COURT:** And Mr. Grow -- so, I'd cut all those in
15 half: Ms. Soto, yours, Mr. Grow's. And if they're cut 50
16 percent, then I'm satisfied.

17 **MS. STEINGART:** Okay. Very good. We will make that
18 change.

19 **THE COURT:** Okay. And when I went through the time
20 sheets themselves, just to show you, I looked at Mr. Grow was
21 at page 3 of 45 in your billing sheets. And he shows 12 time
22 travel from New York to Reno; 6.5 prepare for hearing; 3 -- and
23 I'm going, did he prepare on the airplane? 'Cause he billed
24 for his airplane time -- 13 hours. And then he billed for an
25 additional --

1 **MS. STEINGART:** Yes, we prepared on the airplane and
2 then we worked more when we got here.

3 **THE COURT:** Fair enough. That's what I wanted to
4 know.

5 **MS. STEINGART:** We absolutely did.

6 **THE COURT:** See, your travel is actually -- when you
7 go to the next page -- would indicate that all -- you've got
8 travel listed on 12/11 and 12/12 and that's what really --
9 we've just straightened it out, but that's where I got -- I
10 just didn't understand that.

11 **MS. STEINGART:** As I stand here, your Honor, each
12 trip is memorable in its own way. I do not understand.

13 **THE COURT:** I've had people say, you know, if you had
14 better airline service you might be busier. And I'm going,
15 "No, I deliberately hope that they cut more flights out."

16 Okay. We've solved the problem. Okay.

17 **MS. STEINGART:** Yes. I will fix that and I apologize
18 for the error.

19 **THE COURT:** Okay. And I found Ms. Soto's time. It
20 was under two different task billings, but I was able to
21 reconcile that.

22 At the time you filed this, you had just filed your
23 eighth monthly -- you had no objections to any of the earlier
24 ones? I'm assuming there is no objection to the eighth, which
25 is March 1 to March 31. Is that correct?

1 **MS. STEINGART:** That's correct, your Honor.

2 **THE COURT:** Okay. With that additional reduction, I
3 will approve the application.

4 **MS. STEINGART:** Fine. And we will make the
5 correction and submit a corrected order. Thank you, your
6 Honor.

7 **THE COURT:** Thank you very much.

8 **MS. STEINGART:** And if it's acceptable to the Court,
9 if Ms. Axelrod and I might leave?

10 **THE COURT:** You don't have a fee app?

11 **MS. AXELROD:** We don't have one on at this time, your
12 Honor.

13 **THE COURT:** All right. Sure. Thank you very much.

14 **MS. STEINGART:** Thank you, your Honor.

15 **MS. AXELROD:** Thank you.

16 **THE COURT:** The next is the application of Maupin,
17 Cox and Legoy.

18 **MR. JAIME:** Chris Jaime, your Honor.

19 **THE COURT:** I've reviewed the application. It's
20 seeking \$24,504.37. It's \$395 an hour. I've reviewed it. It
21 appears to me there had been a clear attempt to avoid
22 duplication and I'm going to grant the application in the
23 amount being sought.

24 **MR. JAIME:** Thank you, your Honor.

25 **THE COURT:** You're welcome. Next is the second

1 interim application of Lazard. Is somebody appearing on behalf
2 of Lazard? Please step forward.

3 **MR. ARONSON:** Your Honor, Daniel Aronson from Lazard.
4 Also, my colleague is on the phone, Simon Furie, who's got a
5 copy in front of him.

6 **THE COURT:** All right.

7 **MR. ARONSON:** I came unprepared, except for the
8 hearing -- the first part of it.

9 **THE COURT:** There's no documentation of expenses.

10 **MR. ARONSON:** We don't have documentation of
11 expenses?

12 **THE COURT:** No.

13 **MR. ARONSON:** We can correct that.

14 **THE COURT:** Unless I've missed it. Who's on the
15 telephone?

16 **MR. ARONSON:** Simon Furie.

17 **THE COURT:** Sir, is there any -- I've looked at the
18 application and what's attached. I see the fees and I know
19 it's \$300,000 per month and I know that that was approved.
20 Expenses are listed but only for December of \$18,172. And
21 that's a total amount. But I don't see any back-up and then
22 there's an expense summary at page 5.

23 **MS. SPEAKER:** (Indiscernible)

24 **THE COURT:** Okay. Let me know.

25 **(Off the record from 11:15 a.m. to 11:18 a.m. working on**

1 recording system)

2 THE COURT: We're back on the record. The problem is
3 this. Let me explain. There's a summary of fee applications
4 on page 2 of 22, which is on the second interim fee application
5 at Docket Number 1483. It shows approved expenses. Those are
6 on the monthly submissions.

7 MR. ARONSON: Yes.

8 THE COURT: Of \$18,172.99 and that's for December 1
9 through December 31, 2009, with no expenses for January,
10 February and March, which struck me as anomalous.

11 And then, at page 4 of 22, same docket number, there
12 is listed -- actually, it's the next page, page 5 -- cumulative
13 expense summary. It should be the same number, \$18,000 --

14 MR. ARONSON: Yes.

15 THE COURT: It's not. It's \$41,212.48 and it shows
16 \$25,025.31 for travel and \$12,122 for legal. So, I -- as you
17 can tell with the other applications -- tried to find the back-
18 up, because now I have about a \$23,000 delta and where is it?
19 And I can't find it. So, I'm not going to award any expenses
20 at this time without prejudice to proper documentation at the
21 next application.

22 MR. ARONSON: That was going to be my suggestion.

23 THE COURT: I will approve the fees, but no expenses.

24 MR. ARONSON: That was going to be my recommendation.

25 Thank you, your Honor.

1 **THE COURT:** I just wanted you to know.

2 **MR. ARONSON:** Yes.

3 **THE COURT:** What I had tried to do. Thank you very
4 much.

5 **MR. ARONSON:** We'll make it right the next time.

6 **THE COURT:** Thank you.

7 **MR. ARONSON:** Thank you.

8 **THE COURT:** Appreciate it.

9 **MR. ARONSON:** And I'm going to hit a plane if you
10 don't mind.

11 **THE COURT:** Good. Have a good trip.

12 Next is Docket Number 9, which is the second interim
13 application by FTI Consulting, Inc. Financial Advisors to CMBS
14 debtors. I have reviewed it.

15 Is there anybody on the telephone regarding this
16 application? I just want to know if the retainer's been
17 exhausted. I assume it has, because they've been paid. I've
18 reviewed the application. It's consistent with the orders.
19 I'm going to grant the application.

20 **MR. GARZA:** Your Honor, Oscar Garza of Gibson Dunn
21 representing FCP PROPCO.

22 **THE COURT:** Yes.

23 **MR. GARZA:** I'll appear specially on behalf of FTI.
24 They have about \$25,000 left on their retainer.

25 **THE COURT:** They should apply it. Is there any

1 reason --?

2 **MR. GARZA:** I think what they'd stated before they
3 were just going to hold it in trust until the final fee
4 application.

5 **THE COURT:** Either way. All right. I just want them
6 on the next application to tell me how much is left. All
7 right?

8 **MR. GARZA:** Okay. Thank you, your Honor.

9 **THE COURT:** I like to know those things.

10 I would point out, and I wanted to do this, that at
11 page 10 of Docket Number 1487, which is the -- what appears to
12 be the -- second interim application by FTI Consulting
13 Financial Advisors to Station Casinos. Remember, we had to
14 make those distinctions; that they indicated they -- based on
15 comments I made at the previous fee application hearing, they
16 are no longer billing time for travel. And I appreciate this.
17 And that's actually reflected on Exhibit 2.

18 I would point out in my review is taxis are pretty
19 expensive. But where they live, I think, it's the only way
20 they can work.

21 I've reviewed the summary of fees by category. I
22 reviewed this in detail and I am going to grant this
23 application.

24 The next is the second interim application of Milbank
25 Tweed Hadley and McCloy. And when I review the applications,

1 I'm not going to refer necessarily to each declaration. I've
2 read all the pleadings that have been filed in support of each
3 of these.

4 I've reviewed this and I have an arithmetical issue
5 to begin with. I've also reviewed not only the original
6 application, Docket Number 1496, but the supplement and the
7 supplement relates to work that was done on the GB Ranch case.
8 Is that accurate?

9 **MR. KRELLER:** That's correct, your Honor.

10 **THE COURT:** And they've been added together. So,
11 what is being sought now, pursuant to the amendment and the
12 exhibits thereto, a total of \$6,275,334.25 in fees; \$188,023.55
13 in expenses; for a total of \$6,463,357.50. Is that correct?

14 **MR. KRELLER:** That is correct, your Honor.

15 **THE COURT:** That's a blended rate of \$754.19 an hour
16 based on total hours of 8,609. There was a reduction of
17 \$41,438 reflecting timekeepers who had ten or fewer hours if I
18 read that correctly.

19 **MR. KRELLER:** That's correct, your Honor.

20 **THE COURT:** All right. Now. The fees as stated on
21 the cover sheet of the original application state
22 \$4,879,407.75. When you go to Exhibit 1, which is the summary
23 and it's broken down between work that was done OPCO and
24 PROPCO, correct?

25 **MR. KRELLER:** Correct, your Honor.

1 **THE COURT:** Yeah. I add the \$3,933,231.50 for what
2 is called the debtor ensemble -- I'll call that OPCO -- and the
3 \$1,073,130 for PROPCO, I get \$5,006,451. I don't get
4 \$4,879,000. So, I'm just telling you, I'm going to hold you to
5 the \$4,879,000. I subtracted the \$41,438 and that comes up to
6 \$4,964,000. So, that doesn't get us there, either,
7 Mr. Kreller.

8 And then, I think -- let's see -- Exhibit 5, these
9 are expenses, but they're okay because then I realized I hadn't
10 added in the additional expenses for the PROPCO, which is
11 Exhibit 6. So, that came up to the 77, so that's fine. But I
12 just wanted to be clear, it's the \$4,879,000 that I'm using;
13 notwithstanding the arithmetic on the summary. All right?

14 **MR. KRELLER:** Your Honor, and then added to that
15 would be the supplement?

16 **THE COURT:** Yes. Oh, the supplement's approved. I
17 have no problem with that. That arithmetic is fine.

18 Let's talk about something else. There are eight
19 lawyers -- eight. Five here, I believe, and three listening,
20 in the hearings. Is that eight? Especially the ones listening
21 for 6.5 hours? I've got to think they're going to be listening
22 to things they don't care a lot about and they're probably
23 doing other work at the same time. I could be wrong. Can you
24 explain to me why eight lawyers are necessary?

25 **MR. KRELLER:** Your Honor, I think -- which hearings

1 in particular are you referring to?

2 **THE COURT:** Well, let's take a look at this. I think
3 I looked at -- let me pull out -- I think I figured it out by
4 expenses, going through the expenses. Let's see here.

5 **(Pause)**

6 Exhibits 3 and 4 is what -- those are summaries. I
7 went through the monthly statements. Let's see if I can find
8 it. That would be under -- Chapter 11 -- probably the
9 litigation, correct?

10 **MR. KRELLER:** There's a litigation category. There's
11 also a court hearing category.

12 **THE COURT:** Which is the court hearing? Maybe it's
13 under the court hearing. Oh, I've got court hearings. I found
14 it. I did mark that. That's probably where they're at.

15 Okay. Mr. Aronson on 12/10, he was here;
16 Mr. Baronsky -- is that correct pronunciation?

17 **MR. KRELLER:** That's correct, your Honor, Baronsky.

18 **THE COURT:** Mr. Kreller, you were here. There's
19 three lawyers. Mr. Isenberg was here on the 11th. I believe
20 Mr. Gregory Evans was here. Is that correct?

21 **MR. KRELLER:** That's correct, your Honor.

22 **THE COURT:** That's one, two -- there's five that were
23 here. And Bria LaSalle-Mertens, 6.8 to monitor it; Robert
24 Shenfeld, 6.0 hours to monitor it. The 25th, Mr. Aronson was
25 here, Mr. Baronsky was here, Mr. Isenberg was here, Mr. Kreller

1 was here, Mr. Shenfeld listened, Mr. Torres listened, Gabriel
2 Weaver listened. That's a whole lot of lawyers billing at
3 pretty significant rates.

4 **MR. KRELLER:** Your Honor, by way of explanation, the
5 hearing on December 10th, as you recall, was the master lease -
6 - the original master lease compromise agreement, which was
7 extremely contentious. I can tell you, you know, and kind of
8 break out the responsibilities there, but we did have -- true
9 for the 25th, as well; that was the hearing on the committee's
10 standing motion, I believe --

11 **THE COURT:** Yes, sir.

12 **MR. KRELLER:** We did have litigation teams separate
13 from our bankruptcy teams. The litigation teams have been
14 taking charge of all of the various discovery that had been
15 undertaken. There were witnesses, depositions; I don't recall
16 whether there were actually any witnesses put on at any of
17 those hearings, but that was certainly a potential.

18 So, for example, Mr. Evans, Mr. Torres, Mr. Weaver,
19 those are all members of our litigation team who were either
20 here or available. Mr. Torres and Mr. Weaver, for example,
21 were at the depositions or conducted some of the depositions
22 and, therefore, were available by phone.

23 Mr. Baronsky and Mr. Isenberg are our corporate and
24 finance people who are historically the primary people on the
25 Station relationship on the corporate finance side.

1 Mr. Isenberg, in particular, was the draftsperson of the master
2 lease compromise agreement and, frankly, I insisted that he be
3 here to assist me with the ins and outs of that document to the
4 extent that stuff became relevant.

5 **THE COURT:** I know the work that was done pretty much
6 by you and by him and Mr. Aronson, because I could see it.

7 What about LaSalle-Mertens?

8 **MR. KRELLER:** I certainly understand, your Honor.
9 Bria LaSalle-Mertens is the principal junior associate in our
10 bankruptcy group working on this matter with me. I understand
11 the concern about having multiple associates on the phone and I
12 think we can -- I think it's certainly appropriate to have an
13 associate on the phone rather than bringing someone here to
14 Reno with us. But I would be willing to limit that to one
15 associate --

16 **THE COURT:** I think so.

17 **MR. KRELLER:** -- participating by phone on these
18 hearings.

19 **THE COURT:** What I am going to do -- you've got her
20 hourly rate in this summary.

21 **MR. KRELLER:** I do, your Honor. I believe it's \$450
22 an hour if I'm not mistaken.

23 **THE COURT:** I'd just reduce that by her --

24 **MR. KRELLER:** I'm sorry, your Honor. She's actually
25 went up this year to \$575.

1 **THE COURT:** I'd reduce -- I'd eliminate 6.8 hours
2 times that amount. And then, in January, three folks on the
3 telephone. I want ten hours eliminated at the lowest billing
4 rate.

5 **MR. KRELLER:** We will do that, your Honor.

6 **THE COURT:** Thank you. Then, I looked at this
7 bracket -- or this one -- I wasn't sure I understood what it
8 was. It's H travel, H -- I think that's an expense
9 classification. Is that correct? If you'll help me.

10 **MR. KRELLER:** I'm sorry, your Honor, I'm not sure
11 where you are.

12 **THE COURT:** Okay. It was something identified --
13 let's go back to the summary -- as travel H. It's a category.
14 I'd have to see if it was non-working travel. I've got that.
15 Let's check the summaries. Summaries of professionals Exhibit
16 2 -- what did I highlight? Summary of total fees by category -
17 - and by the way, I did review the fees by category. It's
18 exactly what I expected. There's only 13,000 through 75 of
19 non-working travel. Court hearings were nearly 149,000. This
20 is just on the original --

21 Well, travel is the first of the expenses. For the
22 debtor ensemble, it was \$45,085; for PROPCO, it was nothing.
23 So, I'm assuming -- and I think that's because there was only
24 one time there was an appearance. That was done at
25 (indiscernible) about two and a half hours one day. So, I

1 understand why that was done.

2 But when I go through the expense detail -- yeah.

3 It's called travel H. It's at page 160 of 178, Docket Number
4 1496-5, 5 being the exhibit number. There's a page number 160
5 at the bottom of it. Are you with me, Mr. Kreller?

6 **MR. KRELLER:** I am, your Honor.

7 **THE COURT:** Explain -- I don't mean to be wasting
8 everybody's time, but look. Mr. Aronson's travel -- he went to
9 bankruptcy court hearing; that would be here. And includes RT.
10 I assume that means round trip?

11 **MR. KRELLER:** I would think that's what that means,
12 your Honor.

13 **THE COURT:** \$1,064. When Mr. Evans came here on the
14 7th, round trip, \$387. Mr. Aronson for client meetings,
15 \$3,078. Mr. Baronsky comes to Reno, \$334. He's right in there
16 with Mr. Evans.

17 **MR. KRELLER:** Your Honor, the --

18 **THE COURT:** Travel -- I'm going to keep going.
19 Mr. Evans, when he came, December 11th hearing for travel --
20 and that's to Gregory Evans' travel expense and it's probably
21 more than air fare, but he's got \$1,300 there. Isenberg travel
22 expense for December 11th hearing was \$445. Yours,
23 Mr. Kreller, was only \$652. When you came in December, it was
24 \$944.

25 Mr. Aronson, \$2,542 to attend meetings.

1 Mr. Baronsky, travel expense December 15th to attend client --
2 I don't know, must be meeting -- I don't know if those -- those
3 have to be more than simply air fare.

4 **MR. KRELLER:** Your Honor, the meetings that -- the
5 bigger dollar items that you've referred to, the \$3,900 --

6 **THE COURT:** Right.

7 **MR. KRELLER:** For Mr. Aronson on the 4th of December;
8 the \$2,500 on the meetings from December 15th; those are trips
9 to New York. Those were bank group meetings. That's not Reno
10 travel.

11 **THE COURT:** I assumed that.

12 **MR. KRELLER:** And, yes. These are all in expense
13 reports, not just air fare, but hotel, meals, et cetera.

14 **THE COURT:** Was any of this air fare at a billed rate
15 to the estate at higher than coach?

16 **MR. KRELLER:** I do not know the answer to that.

17 **THE COURT:** I want to know the answer. If any of it
18 was greater than coach, then that should be reflected in the
19 next fee application. Because when I see the disparities in
20 the travel to Reno -- when you came here on the 25th, \$625.
21 Mr. Perry, when he traveled here, \$625. Mr. Baronsky's up to
22 \$977. One wonders why.

23 Some of them just don't make sense to me. I have a
24 decent idea. Now, maybe there were last minute flights that
25 had to be obtained. That's fine. But it has to be coach fare.

1 **MR. KRELLER:** Your Honor, in terms of the New York
2 flights, I don't know the answer. In terms of the Reno/LA
3 flights, there is no first class.

4 **THE COURT:** Isn't it Horizon or Alaska, what airlines
5 is it?

6 **MR. KRELLER:** I don't believe they do.

7 **THE COURT:** Isn't that the airlines? That's my
8 question.

9 **MR. KRELLER:** There's -- it's Alaska or Horizon.

10 **THE COURT:** Yeah. And I don't think they have first
11 class, either.

12 **MR. KRELLER:** Nor does Southwest.

13 **THE COURT:** I think it's lucky to have the seats
14 stapled to the floor in some of those aircraft. I've been on
15 those.

16 **MR. KRELLER:** Your Honor, the other think I would
17 note, that some of these entries cover multiple days. For
18 example, the Baronsky travel --

19 **THE COURT:** That's why I assume -- that's exactly why
20 I assumed they were more than air fare. But they should be
21 broken down -- hotel, food. That's what I'm used to seeing.
22 And that's why when I see that huge number for travel, I go
23 time out. What is that? That's all I need broken down.

24 So, I'm going to approve this application, subject to
25 a reduction in the next application if any of the air fares

1 were at a rate greater than coach. And I want the reduction
2 for the hours for the multiple appearances.

3 Otherwise, I appreciate the \$41,438 reduction. So,
4 other than those deductions, I am going to approve the
5 application and amended applications.

6 **MR. KRELLER:** Thank you, your Honor.

7 **THE COURT:** Thank you.

8 Gibson, Dunn and Crutcher -- one moment, please.
9 That's Docket Number 1566. I reviewed the application,
10 exhibits. Who's on the telephone? Mr. Garza?

11 **MR. GARZA:** Yes, your Honor, Oscar Garza on behalf of
12 the firm.

13 **THE COURT:** Okay. I wanted to make sure that I was
14 doing this correctly when I went through these. And I spent --
15 let me check my notes -- I think I spent a lot of time with
16 your declaration. It was broken out -- the application was
17 broken out -- in two parts, one for December; then, I think,
18 the others were put together for the basis of one summary. Is
19 that accurate?

20 **MR. GARZA:** It was only broken out that way, your
21 Honor, just to identify that there was a rate increase in
22 January and so, they were broken out that way because there
23 were different rates.

24 **THE COURT:** Right.

25 **MR. GARZA:** But they are broken up. The exhibits are

1 month by month.

2 **THE COURT:** Yes. And I went through them. I'm
3 trying to find -- most of the work that was done, if I've done
4 my arithmetic correctly, you have about 40 percent of the work
5 and Mr. Denny has about 21 percent of the work that was done.
6 Is that accurate?

7 **MR. GARZA:** That sounds accurate, your Honor.

8 **THE COURT:** Okay.

9 **MR. GARZA:** In addition, I'd point out that probably
10 -- well, more than half of the fees were in one month, which
11 was in December and it was for that contentious master lease
12 compromise.

13 **THE COURT:** Is that why we had three lawyers at the
14 hearing and one by telephone?

15 **MR. GARZA:** That's correct, your Honor. I think we
16 had three lawyers total. There were two lawyers in the
17 courtroom.

18 **THE COURT:** That's correct. You're right. There
19 were three lawyers total; one by telephone.

20 **MR. GARZA:** Yeah. Ms. Lewis was a litigator who took
21 a few of the depositions and defended a few of the depositions,
22 and I were at the hearing with our witness and Mr. Denny was on
23 the phone.

24 **THE COURT:** I saw one no charge and it was yours from
25 March 11th reviewing fee application. I wasn't sure. I

1 checked.

2 **MR. GARZA:** Your Honor, we no-charged or wrote off
3 approximately 12 hours.

4 **THE COURT:** 11.6.

5 **MR. GARZA:** Correct. And there's no travel time.

6 **THE COURT:** I saw that. Because I went through it
7 and I noticed there was no travel time. I said, "I don't see
8 time for Mr. Garza," because your expenses are only \$13,882.73,
9 which is travel only, and no time, if I've read that correctly.
10 Is that accurate?

11 **MR. GARZA:** That's correct, your Honor. And most of
12 that are deposition transcripts. Somehow, I don't know how, I
13 ended up paying for my own flight. But other than that, I
14 think it's a pretty low number.

15 **THE COURT:** Yeah, I looked at that. You should talk
16 to some of your colleagues. They do much better than you. I
17 know one colleague is somewhere between \$6.00 and \$6.66 to go
18 from his home when he's commuting. I saw that show up.
19 Amazing, some of it.

20 I had one concern. The application through January
21 26th had 65.4 hours regarding fees. All the work that was
22 done, that looks like it was done at a fairly high level, I
23 think. Two associates and one partner and no use of paralegals
24 in terms of preparing fee applications. It went down in
25 February to just \$4,726 and March, \$6,338; but why was it so

1 expensive in that first month?

2 **MR. GARZA:** Your Honor, the first month was the first
3 interim fee application. It was the work done for that and the
4 hearing on that.

5 **THE COURT:** But why no -- I don't understand the
6 absence of using paraprofessionals at least to accumulate the
7 data, review the pre-bills; why is that done by lawyers billing
8 \$545 an hour?

9 **MR. GARZA:** Your Honor, in this particular instance,
10 we did have a lawyer prepare it and our view was that it would
11 take less time, obviously at a higher rate.

12 **THE COURT:** If this took less time, I think you're
13 better off with a paraprofessional that absolutely know what
14 they're doing. I mean, that's a lot of time, Mr. Garza. You
15 take a look at that and I took a long look at it. Because when
16 I saw it I was concerned. Let me go back here. I want to make
17 sure that I'm looking at the right one, sir. Like the invoice
18 of February 16th, there's employment and fee applications,
19 \$26,183. And then, it goes down to \$4,726, as I noted, and
20 then up a little bit on the sixth interim application to
21 \$6,338.

22 It's that -- and I'll refer to it once again -- it's
23 the exhibit to the fourth interim and it's \$26,183.50. So, I
24 took a look at that particular category, 31231-0011, and
25 Mr. Denny has nearly 28 hours, Ms. Wasser has 13 hours, you've

1 got 4 hours. And I looked at this. And it's for time in
2 January and it just seems -- do you have that exhibit in front
3 of you?

4 **MR. GARZA:** Your Honor, I'm looking through it now,
5 yes.

6 **THE COURT:** Mr. Garza, it just seems pretty high.
7 Who's D. Arnold?

8 **MR. GARZA:** Dennis Arnold is also a partner at our
9 firm.

10 **THE COURT:** Yeah. Well, he didn't bill any time,
11 though. That's good. He was just consulted.

12 **MR. GARZA:** Right.

13 **THE COURT:** I just don't see -- I'm going to reduce
14 this application by \$5,000. I just think there's too much
15 duplication there, Mr. Garza.

16 **MR. GARZA:** Okay.

17 **THE COURT:** And, candidly, I would have reduced it
18 more, but because of the treatment of the travel time, I think
19 your firm has been more than reasonable in every other respect.
20 So, other than the reduction of \$5,000, I'm going to grant the
21 application. All right?

22 **MR. GARZA:** Thank you, your Honor.

23 **THE COURT:** Thank you. That leaves Lewis and Roca.

24 **MS. MACAULEY:** Laury Macauley, appearing on behalf of
25 Lewis and Roca.

1 **THE COURT:** You know, I reviewed this application and
2 it's nice to know that the lawyers in Reno pay attention.
3 There was 44 hours of attorneys' time uncharged; 17 hours of
4 assistant hours uncharged; a significant reduction. By lawyers
5 only, it's \$423 an hour. Blended rate using paraprofessionals,
6 \$299.65, which indicates a proper and appropriate use of
7 paraprofessionals. Of the \$248,000 in fees being sought, only
8 \$211,000 of them are attorneys. The attorney time is 499 out
9 of 829 hours. That's exactly what we're looking for. I'm
10 going to grant this application in the amount being sought.

11 **MS. MACAULEY:** Thank you, your Honor.

12 **THE COURT:** You're welcome.

13 Next is Campbell and Williams. Is anybody from that
14 firm on the phone?

15 **MR. WILLIAMS:** Your Honor, this is Colby Williams.
16 I'm on the phone.

17 **THE COURT:** Thank you, Mr. Williams. I've reviewed
18 your application. It's very detailed. This is how I knew the
19 ownership. It wasn't that I remembered everything from months
20 ago, but he said it before, so I know that SCI owns GB Ranch
21 Station, which is the debtor; which owns 50 percent of Green
22 Valley Ranch Gaming; which is also owned 50 percent by GCR
23 Gaming; which owns 100 percent of Green Valley Ranch.

24 I've look at it. What is the status -- you had one
25 mistake. On page 2, you say your application goes through

1 April 30th, but your time sheets conclude on March 31. So, I
2 assume this is --

3 **MR. WILLIAMS:** Oh.

4 **THE COURT:** -- I assume this is only an application
5 through the 31st of March. Would that be accurate?

6 **MR. WILLIAMS:** That is correct, your Honor.

7 **THE COURT:** All right. The arithmetic is correct,
8 except for one instance. You're saying that your fees are
9 \$312,990.50. You're wrong. We looked at page 10; you were off
10 by \$7. So, we're adding \$7 to that for you.

11 **MR. WILLIAMS:** Oh, thank you.

12 **THE COURT:** That's all right. What is the status of
13 that arbitration proceeding with Mr. Wright?

14 **MR. WILLIAMS:** Sure, your Honor. A couple of things
15 have happened since this application was submitted. Number
16 one, the dispute with GCR Gaming has been resolved.

17 **THE COURT:** That I know.

18 **MR. WILLIAMS:** And though our firm was not
19 specifically approved to be handling that aspect of the
20 litigation, the practical reality is a lot of what was going on
21 in the litigation being pursued by the Katwitz (phonetic) firm
22 out of New York on behalf of GCR did directly impact the
23 arbitration, because the nature of the claims were nearly
24 identical being asserted therein. So, that is done.

25 The arbitration --

1 **THE COURT:** Well, GCR was pretty much bootstrapping
2 is what Mr. Wright said.

3 **MR. WILLIAMS:** That's exactly right.

4 **THE COURT:** Right.

5 **MR. WILLIAMS:** That's exactly right. And the irony
6 is, your Honor, that while GCR was bootstrapping on what
7 Mr. Wright said, Mr. Wright, in turn, was bootstrapping on the
8 legal team retained by GCR to push the matter into bankruptcy.

9 Where we stand in the arbitration now is an
10 arbitrator has been selected. The arbitrator asked Mr. Wright
11 or his counsel to reassert his claim with greater specificity
12 because the nature of the original filing was such that it was
13 just a one-page document instituting the arbitration. That was
14 filed last week. We are to respond next week and then we will
15 commence with the discovery that remains to be done in the
16 arbitration, some of which has already been accomplished
17 through the previous depositions that were taken in the GCR
18 Gaming litigation.

19 **THE COURT:** All right. I've reviewed the application
20 and I appreciate the summary report. I'm going to grant the
21 application with the addition of \$7. Thank you.

22 **MR. WILLIAMS:** Thank you, your Honor.

23 **THE COURT:** Ms. Carlyon, are you still on the phone?

24 **MS. CARLYON:** Yes, your Honor.

25 **THE COURT:** I'm sorry you're at the bottom of this,

1 but I have your application. I've looked at it. It's more
2 than reasonable. I'm granting it in the amount being sought.

3 **MS. CARLYON:** Thank you, your Honor. Two things.
4 One is that we had requested that this be paid from the DIP
5 line as necessary and the other is was it just Mr. Costa that
6 would need to sign off on the order?

7 **THE COURT:** Yes.

8 **MS. CARLYON:** Thank you, your Honor.

9 **THE COURT:** Thank you all. I think we're done. Is
10 there anything else, Mr. Kreller?

11 **MR. KRELLER:** No, there's not, your Honor.

12 **THE COURT:** All right. Thank you. Thank everybody
13 for our hard work. I should have thanked everybody that were
14 here before. And we'll see you on the 27th. We're done.

15 **(Proceeding adjourned at 11:57 a.m.)**

16

17

18

19

20

21

22

23

24

25

CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.



August 11, 2010

signed

Dated

TONI HUDSON, TRANSCRIBER